Trinity Delta

Scancell

Update

Modi-1 successful in first part of Phase I/II trial

21 February 2023

Scancell's Modi-1 has successfully completed the monotherapy arm of the ModiFY Phase I/II trial, generating important results for the Moditope oncology vaccine platform. The first element of ModiFY showed Modi-1 was safe and well tolerated. There were encouraging, albeit early, signals of efficacy despite the advanced disease status of all patients. 23 patients have been treated to date, with 14 patients evaluated; of these 14, one has had a partial response and seven have stable disease. These data are particularly promising and support continuation into the monotherapy expansion phase and, importantly, the initiation of the checkpoint inhibitor (CPI) combination arm. The outcome of combination treatment cohorts will help define Modi-1's clinical and commercial positioning. These data drive increased confidence in the Moditope platform, leading to an uplift in our rNPV valuation to £300.1m, or 36.7p (from £269.6m, or 32.9p/share previously).

Year-end: April 30	2021	2022	2023E	2024E
Revenues (£m)	0.0	0.0	5.3	0.0
Adj. PBT (£m)	(17.7)	(11.9)	(17.6)	(24.0)
Net Income (£m)	(15.5)	(2.1)	(15.7)	(21.9)
EPS (p)	(2.28)	(0.25)	(1.93)	(2.68)
Cash (£m)	41.1	28.7	17.8	20.2
EBITDA (£m)	(8.6)	(12.6)	(13.8)	(20.2)

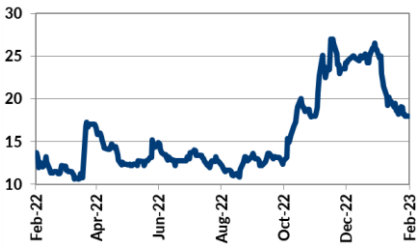
Source: Trinity Delta Note: Adjusted numbers exclude exceptionals

- **Moditope shows early signs of efficacy** The Phase I/II Modi-1 study (ModiFY) is a two stage trial. The initial dose escalation and safety phase is followed by a number of specific patient cohorts that explore for signs of efficacy in triple negative breast cancer (TNBC), ovarian cancer, head & neck cancer, and renal cancer as both Modi-1 monotherapy and in combination with checkpoint inhibitors (CPI). A total of up to 138 patients across up to 20 UK sites will be treated, with 23 successfully vaccinated so far. Of these, 14 patients have reached the eight-week evaluation point, with no dose-limiting toxicities or safety concerns seen. Despite having failed at least one round of prior treatment and having progressive disease prior to study enrolment, one patient has a confirmed partial response and seven have stable disease.

- **Progressing into combination therapy** With safety and tolerability confirmed, Modi-1 is progressing into further dose escalation as monotherapy and, importantly, initiating combination therapy with a CPI. It is data from these elements of the study that will provide multiple insights into how and where Modi-1 could be employed. The indications selected are all aggressive and difficult to treat cancers, with clear clinical needs. If the early efficacy signals seen in the first part of ModiFY are confirmed in the latter parts, this would effectively demonstrate Moditope's mode of action and would further de-risk the programme in our rNPV model.

- **Raising our valuation to £300.1m, equivalent to 36.7p** We explored Scancell's investment case in detail in our recent February 2023 Outlook. Increasing the probability on Moditope to 12.5% (from 10%) sees our rNPV rise to £300.1m (from £269.6m), or 36.7p/share (30.5p fully diluted). The next 12 to 18 months should see several potential value inflection points, ranging from trial results to further commercial deals. Positive outcomes should boost investor sentiment materially.

Price	18.00p
Market Cap	£147.3m
Enterprise Value	£124.4m
Shares in issue	818.4m
12 month range	10.5p-29.4p
Free float	54.4%
Primary exchange	AIM London
Other exchanges	N/A
Sector	Healthcare
Company Code	SCLP.L
Corporate client	Yes



Company description

Scancell is a clinical-stage immuno-oncology specialist that has four broadly applicable technology platforms. Two are therapeutic vaccines, Moditope and ImmunoBody, and two are antibody based, GlyMab and AvidiMab.

Analysts

Lala Gregorek
lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Philippa Gardner
pgardner@trinitydelta.org
+44 (0) 20 3637 5042

Exhibit 1: Summary of financials

Year-end: April 30 £'000s	2020	2021	2022	2023E	2024E
INCOME STATEMENT					
Revenues	**0**	**0**	**0**	**5,271**	**0**
Cost of goods sold	0	0	0	0	0
Gross Profit	**0**	**0**	**0**	**5,271**	**0**
R&D expenses	(4,667)	(6,406)	(9,477)	(14,504)	(15,144)
General and administrative expenses	(2,115)	(3,346)	(4,787)	(5,266)	(5,792)
Underlying operating profit	**(6,782)**	**(9,752)**	**(14,264)**	**(14,499)**	**(20,936)**
Other revenue/expenses	0	918	965	0	0
EBITDA	**(6,739)**	**(8,585)**	**(12,559)**	**(13,842)**	**(20,249)**
Operating Profit	**(6,782)**	**(8,834)**	**(13,299)**	**(14,499)**	**(20,936)**
Interest expense	14	(1,648)	(2,878)	(2,220)	(3,041)
Other financing costs/income	0	(6,323)	12,409	(910)	0
Profit Before Taxes	**(6,768)**	**(16,805)**	**(3,768)**	**(17,628)**	**(23,977)**
Adj. PBT	**(6,768)**	**(17,723)**	**(11,899)**	**(17,628)**	**(23,977)**
Current tax income	1,262	1,328	1,703	1,895	2,031
Cumulative preferred stock dividend	0	0	0	0	0
Net Income	**(5,506)**	**(15,477)**	**(2,065)**	**(15,733)**	**(21,947)**
EPS (p)	**(1.21)**	**(2.28)**	**(0.25)**	**(1.93)**	**(2.68)**
Adj. EPS (p)	**(1.21)**	**(2.42)**	**(1.25)**	**(1.93)**	**(2.68)**
DPS (p)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Average no. of shares (m)	456.2	678.6	815.2	815.9	818.4
Gross margin	*N/A*	*N/A*	*N/A*	*100%*	*N/A*
BALANCE SHEET					
Current assets	**5,208**	**44,668**	**32,362**	**21,156**	**23,500**
Cash and cash equivalents	3,575	41,110	28,725	17,766	20,160
Accounts receivable	371	968	647	400	350
Inventories	0	0	0	0	0
Other current assets	1,262	2,590	2,990	2,990	2,990
Non-current assets	**3,610**	**4,390**	**6,159**	**5,702**	**5,215**
Property, plant & equipment	195	975	2,744	2,287	1,800
Other non-current assets	0	0	0	0	0
Current liabilities	**(1,091)**	**(2,295)**	**(2,452)**	**(3,980)**	**(24,476)**
Short-term debt	0	0	0	0	(20,000)
Accounts payable	(1,041)	(2,087)	(2,137)	(3,665)	(4,161)
Other current liabilities	(50)	(208)	(315)	(315)	(315)
Non-current liabilities	**(79)**	**(27,278)**	**(17,959)**	**(19,909)**	**(19,659)**
Long-term debt	0	(27,215)	(17,103)	(19,303)	(19,303)
Other non-current liabilities	(79)	(63)	(856)	(606)	(356)
Equity	**7,648**	**19,485**	**18,110**	**2,969**	**(15,420)**
Share capital	38,853	65,834	65,834	65,977	65,977
Other	(31,205)	(46,349)	(47,724)	(63,008)	(81,397)
CASH FLOW STATEMENTS					
Operating cash flow	**(4,772)**	**(7,803)**	**(10,730)**	**(9,900)**	**(17,245)**
Profit before tax	(6,768)	(16,805)	(3,768)	(17,628)	(23,977)
Non-cash adjustments	22	8,553	(8,101)	4,786	4,828
Change in working capital	143	449	372	1,775	545
Interest paid	0	0	(537)	(537)	(537)
Taxes paid	1,831	0	1,304	1,703	1,895
Investing cash flow	**(13)**	**(741)**	**(1,264)**	**(42)**	**(111)**
CAPEX on tangible assets	(27)	(744)	(1,268)	(200)	(200)
Other investing cash flows	14	3	4	158	89
Financing cash flow	**3,800**	**46,079**	**(391)**	**(107)**	**19,750**
Proceeds from equity	3,827	22,727	0	143	0
Increase in loans	0	23,506	0	0	20,000
Other financing cash flow	(27)	(154)	(391)	(250)	(250)
Net increase in cash	**(985)**	**37,535**	**(12,385)**	**(10,959)**	**2,394**
Cash at start of year	4,560	3,575	41,110	28,725	17,766
Cash at end of year	**3,575**	**41,110**	**28,725**	**17,766**	**20,160**
Net cash at end of year	3,575	13,895	11,622	(1,537)	(19,143)

Source: Company, Trinity Delta Note: Adjusted numbers exclude exceptionals.

Philippa Gardner pgardner@trinitydelta.org
+44 (0) 20 3637 5042

Lala Gregorek lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Franc Gregori fgregori@trinitydelta.org
+44 (0) 20 3637 5041

Disclaimer

More information is available on our website: www.trinitydelta.org